Supreme Court, U.S.
FILED
APR 22 2009
OFFICE OF THE CLERK

No. 08-1177

IN THE
Supreme Court of the United States

HAYES LEMMERZ INTERNATIONAL, INC.,
MCKECHNIE VEHICLE COMPONENTS U.S.A., INC.,
D/B/A THOMPSON INTERNATIONAL,
Petitioners,

v.

LACKS INDUSTRIES, INC.,
Respondent.

On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

RESPONDENT'S OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

STEVEN L. UNDERWOOD*
MATTHEW J. GIPSON
PRICE, HENEVELD, COOPER,
DEWITT & LITTON, LLP
695 KENMOOR SE
P.O. BOX 2567
GRAND RAPIDS, MI 49501-2567
616.949.9610

**Counsel of Record*

Counsel for Respondent

April 22, 2009

QUESTION ACTUALLY PRESENTED FOR REVIEW

Has the Federal Circuit correctly followed the "on-sale" language of § 102(b), as construed by this Court, in holding that an on-sale bar was not triggered by activities that did not constitute a definite offer for sale under the general principles of contract law?

RULE 29.6 STATEMENT

Lacks Industries, Inc. is a wholly-owned subsidiary of Lacks Enterprises, Inc., a privately-held corporation. No publicly-held companies own ten percent or more of the stock of the company.

TABLE OF CONTENTS

QUESTION ACTUALLY PRESENTED FOR REVIEW i

RULE 29.6 STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF CITED AUTHORITIES v

COUNTERSTATEMENT OF THE CASE 1

I. Summary of the Argument 1

II. Factual Background 4

III. Procedural History 8

A. The Proceedings Prior to the First Appeal 8

B. The First Appeal 10

C. McKechnie's Efforts in Connection with This Court's Denial of the Petition for Writ of Certiorari in *Micrel, Inc. v. Linear Tech.* 12

D. The First Remand Proceedings 13

E. The Second Appeal 14

F. The Current Remand Proceedings 17

REASONS FOR DENYING THE PETITION FOR A WRIT OF CERTIORARI 19

I. The "Question Presented" Is Not Ripe for Review 19

A. The Petition Is Not Taken From a Final Judgment 19

B. The "Question Presented" Is Hypothetical and Is Not Tied to the Facts of This Case.....20

C. Even a Reversal or Modification of the Federal Circuit's *Group One* Decision Would Not Affect the Validity of the Patent in This Case 21

II. The Plain Meaning of the Statutory On-Sale Provision Requires, Absent a Sale, an Offer for Sale 22

III. The *Group One* Test Is Consistent With This Court's Decision in *Pfaff* 25

IV. The *Group One* Test Is Consistent With the Policy Considerations Behind the On-Sale Bar .31

V. The *Group One* Test Is Already Providing Certainty to the Patent Law.....34

CONCLUSION 37

TABLE OF CITED AUTHORITIES

Cases

Andrews v. Hovey,
127 U.S. 267 (1887) 2, 26

Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.,
182 F.3d 888 (Fed. Cir. 1999) 3

Consolidated Fruit-Jar Co. v. Wright,
94 U.S. 92, 94 (1876) 29

Conway v. California Adult Authority,
396 U.S. 107 (1969) 21

Group One, Ltd. v. Hallmark Cards, Inc.,
254 F.3d 1041 (Fed. Cir. 2001) .....*passim*

In re Caveney,
761 F.2d 671 (Fed. Cir. 1985) 3

Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al.
322 F.3d 1335 (Fed. Cir. 2003) 10, 11, 16

Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al.,
300 Fed. Appx. 904 (Fed. Cir. Nov. 21, 2008) 15

Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al.,
55 F. Supp. 2d 702 (E.D. Mich. 1999).....9

Linear Tech. Corp. v. Micrel, Inc.,
275 F.3d 1040 (Fed. Cir. 2001) .....*passim*

Metallizing Eng'g Co. v. Kenyon Bearing & Auto Parts Co.,
153 F.2d 516 (2d Cir. 1946).....31

Minnesota Mining & Mfg. Co. v. Chemque, Inc.,
303 F.3d 1294 (Fed. Cir. 2002) 24

Netscape Commc'ns Corp. v. Konrad,
295 F.3d 1315 (Fed. Cir. 2002) 24

Pennock v. Dialogue,
27 U.S. 1 (1829) 29

Pfaff v. Wells Elecs., Inc.,
525 U.S. 55 (1998) .....*passim*

Plumtree Software, Inc. v. Datamize, LLC,
473 F.3d 1152 (Fed. Cir. 2006) 35

RCA Corp. v. Data General Corp.,
887 F.2d 1056 (Fed. Cir. 1989) 3, 9, 35

Rotec Indus., Inc. v. Mitsubishi Corp.,
215 F.3d 1246 (Fed. Cir. 2000) 24

Seminole Tribe of Fla. v. Florida,
517 U.S. 44 (1996) 27

UMC Elecs. Co. v. United States,
816 F.2d 647 (Fed. Cir. 1987) 3

Weatherchem Corp. v. J.L. Clark, Inc.,
163 F.3d 1326 (Fed. Cir. 1998) 23

Wende v. Horine,
225 F. 501 (7th Cir. 1915) 22

Statutes

35 U.S.C. § 102(a) 32

35 U.S.C. § 102(b) .....*passim*

Other Authorities

Brief for the United States as *Amicus Curiae*, in *Micrel, Inc. v. Linear Tech. Corp.*, Case No. 02-39 (U.S. Supreme Court, April 2003) 34, 36

Manual of Patent Examining Procedure 36

Motion for Leave to File Brief of Amici Curiae and Brief of Amici Curiae McKechnie Vehicle Components USA, Inc., Hallmark Cards, Incorporated, and Chemque, Inc. in Support of Petitioner in *Micrel, Inc. v. Linear Tech. Corp.*, Case No. 02-39 (U.S. Supreme Court, September 6, 2002).....12, 13, 17

Webster's Revised Unabridged Dictionary (1913) ...23

COUNTERSTATEMENT OF THE CASE

I. SUMMARY OF THE ARGUMENT

The Petition for Writ of Certiorari filed by Hayes Lemmerz International, Inc. and McKechnie Vehicle Components U.S.A., Inc. ("Petitioners") should be denied. None of the specific considerations of this Court's Rule 10 is met here, nor are there any other compelling reasons why this Court should exercise its Certiorari review. Petitioners do not contend, nor can they contend, that the Federal Circuit has entered a decision in conflict with the decision of another United States court of appeals on the same important matter. Nor do Petitioners contend that the Federal Circuit erred in applying the law, as it found it, to the facts in this case.

The sole ground for the Petition is that the Federal Circuit decision in *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041 (Fed. Cir. 2001), *reh'g en banc denied* Aug. 8, 2001, *cert. denied*, 534 U.S. 1127 (2002), "is not supported by the statutory language" and "is based upon an obvious misinterpretation of this Court's ruling in *Pfaff*." Pet. 11. Petitioners argue that this Court should construe the on-sale bar to omit any requirement for a definite offer for sale, as such would be understood in the commercial community under the general principles of contract law. This position ignores the plain meaning of the statutory language, undermines the principles of this Court's decision in *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998), is contrary to established Federal Circuit law, and has no precedent in any other forum.

The Federal Circuit in this case has twice applied its own well-decided precedent: that only a definite, contractual offer raises the on-sale bar. *Group One*, 254 F.3d at 1048. In deciding *Group One*, the Federal Circuit properly carried out its legislative mandate to bring clarity and uniformity to the Patent Laws of the United States. This Court has, indeed, already declined to review essentially an identical challenge to *Group One*, not only denying the petition for certiorari in that case, but also denying the petition for certiorari in *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040 (Fed. Cir. 2001), *reh'g en banc denied* Feb. 22, 2002, *cert. denied*, 538 U.S. 1052 (2003). Nothing has changed since *Group One* or *Linear Tech*. There is no reason why this Court should grant review of a rule of law established prior to this case when it declined review of the same issue in the case that set the precedent.

The holding of the Federal Circuit in *Group One*, applied in this case, followed this Court's holding in *Pfaff*, which affirmed that the statutory language "on-sale" requires nothing less than a commercial offer for sale. Quoting from *Andrews v. Hovey*, 123 U.S. 267, 274 (1887), this Court observed that the purpose of the on-sale bar and the patent statute was "to fix a period of limitations which should be certain." 525 U.S. at 65. This Court further held that statutory provisions, including the on-sale bar "identify an interest in providing inventors with a definite standard for determining when a patent application must be filed." *Id.*

Group One, moreover, is only the most recent of an unbroken line of Federal Circuit cases holding that only a definite offer triggers the on-sale bar. As

early as 1987, in *UMC Elecs. Co. v. United States*, 816 F.2d 647, 656 (Fed. Cir. 1987), *overruled on other grounds by Pfaff*, the Federal Circuit held that only a "definite sale or offer to sell" raised the on-sale bar. *See also RCA Corp. v. Data General Corp.*, 887 F.2d 1056, 1062 (Fed. Cir. 1989), *overruled by Group One* (holding that "where there is no sale, a definite offer to sell is an essential requirement of the on-sale bar"). The Federal Circuit has also repeatedly used contract law in evaluating conduct triggering the on-sale bar. *See, e.g., Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 182 F.3d 888, 890 (Fed. Cir. 1999) (holding that a sale in the "commercial law sense" is required to trigger the bar); *In re Caveney*, 761 F.2d 671, 676 (Fed. Cir. 1985) (holding that "a sale is a contract between parties to give and to pass rights of property for consideration").

All other considerations aside, even were this Court inclined to revisit the plain meaning of the statutory phrase "on-sale," the unusual circumstances of this case render it highly unsuitable as a vehicle for such an exercise of this Court's supervisory power. Petitioners do little to argue that this case is a good vehicle in grafting its unbounded view of "commercial marketing" onto § 102(b). They fail to mention that the Federal Circuit reversed the finding of an on-sale bar, because of the fact that Petitioners have failed to establish, by clear and convincing evidence, any nexus between the claims of the patent in dispute, U.S. Patent No. 5,597,213 ("the '213 Patent"), and the documents that constitute the alleged on-sale bar. In addition, Petitioners fail to mention that even they recognize the alleged on-sale bar

documents are not considered "offers" in the automotive industry, since in the automotive industry, it is the Original Equipment Manufacturer's ("OEM") purchase order that constitutes the offer.

Therefore, the Petition for Writ of Certiorari should be denied, because Petitioners have failed to provide any "compelling reasons" why their Petition meets the extraordinary standards of Supreme Court Rule 10.

II. FACTUAL BACKGROUND

Petitioners have been found to infringe the '213 Patent owned by Lacks Industries, Inc. ("Lacks"). The '213 Patent discloses many different methods relating to the assembly of decorative panels ("overlays" or "claddings") that are permanently secured with an adhesive to a wheel to form a wheel assembly. The composite wheel with a decorative panel creates the visual impression of an expensive chrome-plated wheel, at a much lower cost than a plated wheel. Ct. App. JA50-52.[1]

The claims in the '213 Patent allow decorative overlays to be secured to the wheel in a manner that promotes the integrity of the overlay-to-wheel bond. Some, but certainly not all, of the methods disclosed and claimed in the '213 Patent include selectively depositing a curable adhesive to permanently secure the overlay to the wheel, while maintaining the positional accuracy of the overlay on the wheel.

---

[1] Joint Appendix ("Ct. App.") for the underlying Federal Circuit case, No. 2008-1167.

Using a selective adhesive pattern lessens the cost and weight of the composite wheel, but maintains most of the advantages of a full-surface application of adhesive. Ct. App. JA51-52. Thus, the selective adhesive pattern methods eliminate the necessity of filling the entire gap between the overlay and wheel, while enabling the permanent adhesive to also be selectively deposited to achieve any one or more refinements to the overall manufacturability, performance, and consumer-perceived quality of the wheel assembly. In addition, the void created by the selective adhesive pattern can serve as a reservoir for air or moisture for enhancing the cure rate of the curable adhesive that secures the overlay to the wheel.

The '213 Patent includes claims directed to methods of assembling composite wheels. While some of the claimed methods use a selective adhesive pattern, there are multiple different methods claimed in the '213 Patent. This includes claims that specifically do not require the selective adhesive pattern. The claims at issue in this case, claims 11-13, 20-22, and 24-25 ("the Remaining Claims") of the '213 Patent, claim several different methods that use a selective adhesive pattern. Petitioners have previously been found to literally infringe claims 11-13, 20, and 24-25, and the only remaining liability issue is whether the Remaining Claims are invalid under § 102(b) based upon certain Lacks' pre-critical date activities.

These pre-critical date activities concern the development of Lacks' CHROMTEC® cladded wheel, which resulted in the '213 Patent, among other patents. Ct. App. JA634-35. Other than the cladding

having a chrome-plated finish, that cladded wheel did not bear any specific relation to any assembly technique.

During the development of the CHROMTEC® wheel between 1992 and 1995, Mr. Lee Chase, the inventor of the methods claimed in the '213 Patent, conceived of many different methods of permanently attaching the overlay to the wheel. As disclosed in the specifications of U.S. Patent Nos. 5,577,809 ("the '809 Patent") and 5,636,906 ("the '906 Patent"), patents that were previously at issue in this lawsuit, and which also relate to the CHROMTEC® wheel, Mr. Chase considered using a substantially full-surface application of adhesive in the gap between the decorative overlay and the wheel, a mechanical fastening means, or combination thereof, to permanently secure the decorative overlay to the wheel. Ct. App. JA814-24, 839-49.

In addition, in U.S. Patent No. 5,845,973 ("the '973 Patent"), a patent that issued from a continuation of the application that resulted in the '213 Patent, Mr. Chase patented additional methods that are patentably distinct from those claimed in the Remaining Claims of the '213 Patent. Ct. App. JA850-62. The '973 Patent claims methods, including both selective and full-surface adhesive patterns, as well as the use of a foaming adhesive. Ct. App. JA861. Further, there are other patents that were filed by Mr. Chase concerning methods of assembling an overlay to a wheel that were close to the critical date of the '213 Patent, June 6, 1994.

In order to convince OEMs that CHROMTEC® was a viable concept, it was necessary for Lacks to

develop a testing program to determine the ability of the adhesive to secure the overlay to the wheel for its useful life, the ability of the adhesive to withstand the high temperatures to which it would be subjected to during normal operation of a vehicle, and other testing parameters. Ct. App. JA60-61, 934. The process of testing and validating the CHROMTEC® wheel was not completed until 1995, well after the critical date. Ct. App. JA638-41. Among the many issues raised during the process of testing and validating the CHROMTEC® wheel was whether a CHROMTEC® wheel assembled with a selective deposition of adhesive could permanently secure the overlay to the wheel. Ct. App. JA640-41. Lacks did not commercially market any CHROMTEC® wheel until 1995, when it began work on the Dexter trailer wheel. Ct. App. JA642, 740-48. By 1995, Lacks had developed enough data to demonstrate that the original plastic-plated material for the overlay would meet the requirements that would ultimately be acceptable to the OEMs. Ct. App. JA800.

Lacks is not and never has been a wheel manufacturer. To market any version of its CHROMTEC® wheel, Lacks necessarily has to work with a wheel supplier. As it developed the CHROMTEC® wheel, Lacks realized that whatever wheel it decided to use would have to be modified to accommodate the CHROMTEC® overlay. Ct. App. JA743-45. Since the assembled overlay and wheel needed to create the visual impression of a chrome-plated wheel, the wheel and overlay needed to have similar contours, geometric design, etc. Ct. App. JA45-60. Importantly, Lacks did not have a wheel supplier lined up to supply a wheel designed

to receive a CHROMTEC® cladding prior to the critical date.

Thus, while Lacks had discussions with OEMs and wheel suppliers prior to the critical date, these discussions concerned nothing more than the physical appearance of the CHROMTEC® overlay and estimated cost savings of a composite wheel using that overlay, whatever the yet to be determined method of assembly would be.

Among the series of pre-critical date communications are five documents that have been identified as potential on-sale bars. While some of the documents were merely internal memoranda, a few of the documents did go to companies outside of Lacks prior to the critical date. The issues with respect to each of these documents are: 1) each document does not rise to the level of a commercial offer; and 2) each document does not exhibit any nexus to the inventions of the Remaining Claims. The question presented in the present Petition relates only to the first issue, while the second issue was also a reason why the Federal Circuit reversed the summary judgment in Petitioners' favor.

III. PROCEDURAL HISTORY

A. The Proceedings Prior to the First Appeal

Lacks commenced this action in the United States District Court for the Eastern District of Michigan on December 18, 1996. In 1998, McKechnie and Hayes moved for partial summary judgment, seeking the determination that they did

not infringe the '213 Patent, and that certain claims were invalid. The District Court found, among other things, that there were material issues of fact as to whether the '213 Patent had been infringed, and further held that Petitioners were not entitled to summary judgment on their invalidity defenses with respect to the Remaining Claims. *Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al.*, 55 F. Supp. 2d 702, 737 (E.D. Mich. 1999).

After the District Court's disposition on Petitioners' Motion for Summary Judgment, the Remaining Claims were left for trial. The parties agreed to try all infringement and invalidity issues related to the Remaining Claims before a Special Master. The damage issues were left for a later determination, and were not part of the reference to the Special Master. After a five-day bench trial, the Special Master issued a report on January 18, 2001, which he amended on April 23, 2001. Pet. App. 171a-273a. He found that Petitioners infringed claims 11-13, 20, and 24-25 of the '213 Patent, and that of Petitioners' challenges to the validity of the Remaining Claims, only Petitioners' on-sale argument with respect to Lacks' own pre-critical date activities rendered the Remaining Claims invalid. The Special Master found that Lacks pre-critical date activities, while not constituting an offer for sale under contract law principles, were sufficiently commercial to trigger the on-sale bar under § 102(b), citing *RCA Corp.* in support of his position. Pet. App. 268a-269a. The District Court adopted the Special Master's report on April 23, 2001. Pet. App. 168a-170a.

B. The First Appeal

Lacks timely filed an appeal from the District Court's Judgment. Ct. App. JA28. On March 13, 2003, the Federal Circuit issued its decision in the appeal, affirming the finding that Petitioners infringed claims 11-13, 20, and 24-25 of the '213 Patent. The Federal Circuit vacated and remanded the finding that the Remaining Claims of the '213 Patent were invalid as a result of Lacks' pre-critical date commercial activities, since the Special Master "applied an outdated legal standard." The Federal Circuit went on to state:

> On remand the district court (or Special Master) should resolve whether or not it needs to take additional evidence on sales practice in the automotive industry to determine if the sales promotion activities by Lacks rise to a contractual offer for sale (and, of course, take such evidence if necessary). If it does not again find those claims of the '213 patent invalid, the court then must determine the extent of the damages suffered by Lacks as a result of the infringement of the '213 patent by Hayes and McKechnie.

Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al., 322 F.3d 1335, 1351 (Fed. Cir. 2003). The Federal Circuit quoted the Special Master's statement that "Lacks is correct that to the extent that there is no evidence of an offer to sell a particular cladded wheel for a specified vehicle at a specific price." *Id.* at 1348; Pet. App. 268a.

Judge Newman filed a separate opinion, concurring in part and dissenting in part. Specifically, Judge Newman stated her concerns with two aspects of the decision, one of which is relevant to the Petition. The concern was "in treating the on-sale issue, my colleagues have departed from the correct law." *Id.* at 1351. Judge Newman noted that in *Group One*, the "on-sale" provision of § 102(b) is construed under general contract principles, and thus, an invalidating offer must be an offer of sale "which the other party could make into a binding sales contract by simple acceptance (assuming consideration)." *Id.* at 1351-52.

Judge Newman pointed out in *Group One* the Federal Circuit cited the need for national uniformity in the law of on-sale, and stressed the importance of application of contract principles in achieving this uniformity. *Id.* at 1352. Judge Newman opined that her colleagues on the panel had departed from this simple standard and its important policy purpose by remanding for "tak[ing] additional evidence on the practice in the industry to determine if the activities by Lacks rise to an offer for sale under the UCC." *Id.* Judge Newman felt that such industry-specific, local, and subjective criteria are a regression toward the imprecision of the discredited "totality of the circumstances" standard, a standard purposefully rejected by the Supreme Court in *Pfaff*. *Id.* Judge Newman stated: "[d]etermination of whether there has been an offer of sale in terms of § 102(b) requires objective application of uniform contract law, not indulgence based on disputed local custom in the automobile tire wheel cladding business." *Id.*

C. McKechnie's Efforts in Connection with This Court's Denial of the Petition for Writ of Certiorari in *Micrel, Inc. v. Linear Tech.*

After the parties' briefs were filed in the first appeal, McKechnie filed an *amici curiae* brief with two other parties in support of Micrel, Inc.'s Petition for Writ of Certiorari in the *Linear Tech.* case.[2] In that brief, McKechnie represented to this Court:

> First, while the Federal Circuit recognizes that much advertising and the solicitation of offers to buy would not satisfy its formal "offer to sell" requirement, *Group One*, 254 F.3d at 1048, it entirely ignores that such activities are well-accepted indicia of a product or service being on sale in numerous commercial contexts. For example, *amicus* McKechnie supplies vehicle components to the major automobile manufacturers, and the sales process for such components is driven by the market power of the automakers. While the process typically ends in fulfillment of a purchase order submitted immediately prior to delivery (*i.e.*, acceptance of an offer to buy), it can be preceded by the expenditure over several years of hundreds of hours and thousands of dollars in arranging how best to

---

[2] *See* Motion for Leave to File Brief of Amici Curiae and Brief of Amici Curiae McKechnie Vehicle Components USA, Inc., Hallmark Cards, Incorporated, and Chemque, Inc. in Support of Petitioner in *Micrel, Inc. v. Linear Tech. Corp.*, Case No. 02-39 (U.S. Supreme Court, September 6, 2002) ("*Linear Tech.* Amici Brief").

> provide the component to a specific customer and in tooling up for production. Such extensive activity preceding the final delivery of a component amply illustrates that it was on sale throughout that process even if the buyer prefers *the process technically to end with an offer to buy rather than an offer to sell*. Other industries will likewise have their own mating rituals for the formation of contracts, but the fact that negotiations may end in an offer from the buyer rather than the seller has nothing whatsoever to do with whether the product subject to negotiation is "on sale."

Linear Tech. Amici Brief at 11 (emphasis added).

On April 29, 2003, after the first Federal Circuit decision in this case, McKechnie filed a motion pursuant to SUP. CT. R. 23, seeking a stay of the mandate of the Federal Circuit, pending McKechnie filing a petition for writ of certiorari. On May 7, 2003, Lacks filed an opposition to the motion, and the motion was denied.

D. The First Remand Proceedings

After remand, the Special Master determined that "the post-liability trial changes in the controlling law made it unfair to confine the Defendants to the discovery and trial record generated under the formerly applicable law." Ct. App. JA160. Indeed, Petitioners referenced the remand by arguing that the Federal Circuit "recognized the parties could not have expected to

anticipate the sea change in law effected by *Group One* . . . ." Ct. App. JA147.

At the urging of Petitioners, the Special Master, while acknowledging the sea change in law effected by *Group One,* nevertheless applied the same "totality of the circumstances test," under the guise of following the mandate, just as Judge Newman essentially predicted would happen. In the context of the parties' cross-motions for summary judgment on the issue, the Special Master found the five documents to be alleged "offers for sale," and concluded, without any analysis showing that such alleged "offers" specifically related to the methods of the Remaining Claims, that those "offers" rendered the Remaining Claims invalid. Ct. App. JA176-258.

Importantly, Petitioners did not inform the Special Master or Lacks that they had represented to this Court that in the automotive industry the sales process "technically [ ] end[s] with an offer to buy [from the major automobile manufacturer] rather than an offer to sell [from the supplier]." This distinction is important. The five documents are alleged offers to sell, not offers to buy from an OEM. Under McKechnie's own admission to this Court, these documents would not be considered offers in the sales practices of the automotive industry. It is undisputed that there was no offer to buy until long after the critical date.

E. The Second Appeal

Lacks again timely appealed the District Court's Judgment adopting the Special Master's findings of an on-sale bar. As in the first appeal, Lacks

challenged the entirety of the Special Master's findings and conclusions with respect to finding an on-sale bar based upon Lacks' pre-critical date activities. On November 21, 2008, the Federal Circuit issued a unanimous opinion, wherein it reversed and remanded the summary judgment invalidating the Remaining Claims. *Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc., et al.*, 300 Fed. Appx. 904, 910 (Fed. Cir. Nov. 21, 2008). The Federal Circuit issued specific limited remand instructions,[3] stating:

> On remand, the district court should decide whether Defendants' can establish by clear and convincing evidence: (1) that any of the five documents at issue rises to the level of a commercial offer for sale under the *Group One* standard; (2) if so, that the same document was communicated to an offeree prior to the critical date; and (3) that the subject matter of the document satisfies each and every claim limitation of any of the Remaining Claims. We assume that the district court (or the Special Master) will apply the correct legal standard in the further proceedings consistent with this opinion. If it does not find the Remaining Claims invalid, the court must then determine the extent of the damages

---

[3] The Petition inaccurately characterizes the Limited Remand by substituting, *inter alia*, the word "offer" for the word "documents." *See* Pet. 11. This is the same rewrite of the Remand that was attempted in Petitioners' Petition for Panel Rehearing, which was denied by the Federal Circuit. Pet. App. 274a-275a.

> Lacks suffered as a result of the infringement of the Remaining Claims by Defendants.

See Pet. App. 12a. With respect to the issue that is presently presented in the Petition, the panel stated:

> With respect to the pre-critical date offers, we hold that genuine issues of material fact exist as to whether any of the five documents in dispute rises to the level of a commercial offer or whether some of the alleged offers were communicated to the offeree prior to the critical date. Therefore, the grant of summary judgment of invalidity in Defendants' favor was inappropriate for this reason as well.

See Pet. App. 10a. The Federal Circuit also stated:

> [T]he Special Master concluded that "in accordance with the course of dealing and usage of trade in the automobile industry," all five documents satisfied the *Group One* test for a commercial offer. It is true that when we remanded the case, we instructed that the district court should consider the sales practice in the automobile industry to determine if any of Lacks' documents of its sales activities rises to a contractual offer for sale. *Lacks Indus.*, 322 F.3d at 1351. On remand, Defendants' experts submitted that in the automobile industry, an OEM, such as Chrysler, would often accept a supplier's initial quote, such as a SCORE proposal,

> subject to possible future revision.[4] However, Lacks' witnesses testified that the purpose of submitting a SCORE proposal was "first to garnish [if Chrysler is] even interested and then [if the proposal is] even valid ...." When viewing this record in a light most favorable to Lacks and resolving doubts in favor of Lacks, we cannot conclude that Defendants have established an automobile industry practice by clear and convincing evidence such that a reasonable fact-finder could not decide in Lacks' favor.

Pet. App. 10a-11a.

McKechnie and Hayes filed a Joint Petition for Panel Rehearing on December 4, 2008. That Petition was denied on December 18, 2008. McKechnie and Hayes did not file a Petition for Rehearing *en banc*.

F. The Current Remand Proceedings

After remand, the District Court referred the case back to the Special Master. The Special Master is currently considering a Motion for Summary Judgment filed by Lacks concerning the issues set forth in the Limited Remand presented by the Federal Circuit.

Hayes filed a Request for *Ex Parte* Reexamination ("the Request") of the '213 Patent with the Patent and Trademark Office ("PTO") on

---

[4] This position is obviously directly contrary to the representation that McKechnie made to this Court in the *Linear Tech.* Amici Brief.

March 3, 2009, in an attempt to take yet another bite of the apple in challenging the validity of the Remaining Claims. That Request seeks reexamination of the Remaining Claims in light of several pieces of prior art, most of which were considered by the PTO during prosecution and/or the District Court in rejecting Petitioners' anticipation and obviousness arguments with respect to the Remaining Claims of the '213 Patent. Neither Hayes nor McKechnie has requested that the District Court (or the Special Master) stay the District Court proceedings pending the Request or this Court's decision on the current Petition.

REASONS FOR DENYING THE PETITION FOR A WRIT OF CERTIORARI

I. THE "QUESTION PRESENTED" IS NOT RIPE FOR REVIEW

"A petition for a writ of Certiorari should be granted only for compelling reasons." SUP. CT. R. 10. While not specifically prescribed by Rule 10, this Court has scrupulously avoided the adjudication of purely hypothetical issues not presented or implicated by the facts of the case at bar. This is particularly true where, as here, there is not even a final judgment in place.

In the present case, there are compelling reasons for denying the Petition.

A. The Petition Is Not Taken From a Final Judgment

Although the Judgment below is not final – indeed, the case stands remanded to the District Court for further proceedings consistent with the Limited Remand – Petitioners suggest that this Court should hear this case now rather than await a final judgment on the merits in further appeal. As is noted in SUP. CT. R. 11:

> A petition for a writ of certiorari . . . before judgment . . . will be granted only upon a showing that the case is of such imperative public importance as to justify deviation from normal appellate practice and to require immediate determination in this Court.

This heightened burden, particularly when applied in view of the reasons set forth in this Opposition, militates strongly against the granting of the Petition.

B. The "Question Presented" Is Hypothetical and Is Not Tied to the Facts of This Case

The "Question Presented," as set forth by Petitioners, is framed independently of the facts of this case. The Petitioners seek review of a decision made by the Federal Circuit over seven years ago, despite the fact that this Court denied the Petition in that case, as well as in at least one subsequent attempt to have the holding of that case considered by this Court, an attempt in which one of the Petitioners participated.

As noted above, Lacks did not commercially offer a wheel assembly made by any of the methods set forth in the Remaining Claims until well after the critical date. In addition, the five documents, which are the alleged offers, have no nexus to the methods of the Remaining Claims. These five documents also cannot be considered commercial offers in that they lack price, quantity, shipment terms, delivery terms, etc. for the entire wheel assembly. Moreover, many of the documents are not signed by a representative of Lacks, and therefore, cannot be considered an offer under the Statute of Frauds. Simply put, prior to the critical date, Lacks did nothing that would have placed the invention in possession of the public, even temporarily.

Rather than frame their Petition in the context of these facts, Petitioners treat this case as though it has nothing at all to do with Lacks' actual conduct. Instead, Petitioners come to this Court under the premise that this Court should undertake to offer a purely advisory opinion as to whether § 102(b) "requires only that the product be available for sale." Pet. 16.

Once Petitioners' proffered question is recognized for what it really is, the denial of the Petition becomes a given. As noted by this Court in *Conway v. California Adult Authority*, 396 U.S. 107, 110 (1969):

> In this state of affairs, we decline to adjudicate this case. Were we to pass upon the purely artificial and hypothetical issue tendered by the petition for certiorari, we would not only, in effect, be rendering an advisory opinion, but also lending ourselves to an unjustifiable intrusion upon the time of this Court.

C. Even a Reversal or Modification of the Federal Circuit's *Group One* Decision Would Not Affect the Validity of the Patent in This Case

Given the purely hypothetical nature of the question presented, it should not be surprising that even a grant of the Petition likely will still ultimately result in a holding of patent validity in the present case. As noted above, while the Petitioners seek review of the *Group One* decision, under the undisputed facts of this case, a holding of

patent invalidity cannot be here forthcoming. Putting aside the fact that none of the five documents can constitute a commercial offer under the *Group One* standard, the fact is that none of the documents are related to the methods of the Remaining Claims. The lack of a nexus between the subject of the five documents and the methods of the Remaining Claims was readily apparent to the Federal Circuit, and thus, formed the third question of the presently pending Limited Remand at the District Court level.

II. THE PLAIN MEANING OF THE STATUTORY ON-SALE PROVISION REQUIRES, ABSENT A SALE, AN OFFER FOR SALE

In relevant part, 35 U.S.C. § 102(b) states:

> A person shall be entitled to a patent unless -
>
> (b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.

A statutory requirement limiting entitlement to a patent if an invention was "on-sale" first appeared in the Patent Act of 1836.[5] It has long been established that, absent an actual sale, "on-sale" also encompasses the act of offering something for sale. *See, e.g., Wende v. Horine*, 225 F. 501, 505 (7th Cir. 1915) (holding that "[t]he statute does not require a 'sale,' but only a placing 'on sale'").

---

[5] Act of July 4, 1836, ch. 357, § 6 , 5 Stat. 117; *see Pfaff*, 525 U.S. at 65.

This is in accord with the plain English language meaning of the phrase, "on-sale." Although today that phrase is commonly used to mean a bargain or discount opportunity, in 1836, "on-sale" was commonly used synonymously with "for sale," to mean "to be bought or sold; offered to purchasers; in the market." *Webster's Revised Unabridged Dictionary* (1913).

In accord with this plain meaning of "on-sale," and recognizing the importance of providing a "definite standard for determining when a patent application must be filed," this Court in *Pfaff* specifically held that, for an invention that is ready for patenting to be placed on sale, it "must be the subject of a commercial offer for sale." 525 U.S. at 65, 67.

Following *Pfaff*, and carrying out its statutory duty to provide clarity and uniformity to the Patent Law, the Federal Circuit in *Group One*, 254 F.3d at 1048, held that only an offer which "rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under [35 U.S.C.] § 102(b)." In the present case now the subject of the pending Petition, the Federal Circuit properly applied the rule of *Group One* without modification.[6]

---

[6] Other Federal Circuit decisions in the wake of *Pfaff* have likewise applied its requirements of a commercial offer to invoke the on-sale bar. In *Weatherchem Corp. v. J.L. Clark, Inc.*, 163 F.3d 1326, 1333 (Fed. Cir. 1998), the Federal Circuit recognized that *Pfaff* abrogated any reference to "the totality of the circumstances" and applied a straightforward contractual

Petitioners now seek to overturn the law as followed in *Pfaff*, *Group One*, *Linear Tech.*, and in this case, replacing it with a so-called "commercial marketing" test that requires a vague inquiry into the "totality of the circumstances," and a case-by-case balancing of the policies underlying the on-sale bar.

In an attempt to justify this result, Petitioners argue that this so-called commercial marketing test was somehow the established law, from which *Group One* was an unjustified departure. To the contrary, however, Petitioners' commercial marketing test alters the plain meaning of the statutory language, undermines the principles of this Court's decision in *Pfaff*, is contrary to established Federal Circuit law, and has no precedent in any other forum.

---

analysis to determine that the on-sale bar was invoked. The critical facts of that case involved a signed purchase agreement before the critical date. *See also, Netscape Commc'ns Corp. v. Konrad*, 295 F.3d 1315, 1323-24 (Fed. Cir. 2002); *Minnesota Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1307-08 (Fed. Cir. 2002) ("An offer is the manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.") ("To determine if the offer is sufficiently definite, one must examine the language of the proposal in accordance with the principles of general contract law."); *reh'g en banc denied* Nov. 4, 2002; and *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1254-55 (Fed. Cir. 2000).

III. THE *GROUP ONE* TEST IS CONSISTENT WITH THIS COURT'S DECISION IN *PFAFF*

The Federal Circuit's holding in *Group One* flows directly from this Court's *Pfaff* decision. Petitioners attempt to dismiss *Pfaff* as focusing on the ready-for-patenting prong. Pet. 14. But, in that case, this Court emphasized that the plain meaning of the language of § 102(b) controlled above all else.

The principal issue in *Pfaff* was definiteness (i.e., construing the language of § 102(b) to provide a definite standard for determining when a patent application must be filed). This issue was discussed primarily, although not exclusively, in the context of a debate about the proper construction of the term "invention" as it is used in § 102(b) ("A person shall be entitled to a patent unless ... ***the invention*** was . . . on sale in this country, more than one year prior to the date of the application. . . ."). However, this Court went on to define "on sale" in the statute as requiring a "commercial offer for sale."

As to the meaning of "invention," this Court rejected the Federal Circuit's interpretation of "invention" as requiring the subject matter of the invention to be "substantially completed," holding that this construction ***"finds no support in the text of the statute."*** 525 U.S. at 66 (emphasis added). This Court also rejected the prior "reduction to practice" construction that had been used by the Regional Circuit Courts and thrown out by the Federal Circuit. Although the reduction to practice test had the advantage of certainty over the Federal Circuit's "substantially completed" test, this Court nevertheless found ***"no basis in the text***

of § 102(b)" for this test, and was "persuaded that this ***nontextual*** argument should be rejected." 525 U.S. at 63 (emphasis added).

At the same time that this Court restored the "primary meaning of the word 'invention' in the Patent Act," 525 U.S. at 60, it emphasized that the one-year grace period of § 102(b) should be "'a period of limitation which should be ***certain.*** . . .'" 525 U.S. at 65 (quoting *Andrews*, 123 U.S. at 274 (emphasis added)). This Court further explained that § 102(b) "identify[ied] an interest in providing inventors with a ***definite standard*** for determining when a patent application must be filed." *Id.* (emphasis added). Accordingly, this Court rejected the Federal Circuit's "substantially completed" test for the additional reason that it "undermine[d] the interest in certainty." 525 U.S. at 66.

This Court went on to criticize a nonstatutory engraftment that the Federal Circuit had adopted as part of the on-sale analysis – a "multifactor, 'totality of the circumstances' test to determine the trigger for the on-sale bar." This Court cited with approval descriptions of this test as "unnecessarily vague." 525 U.S. at 66 n.11. Accordingly, this Court swept aside this useless and vague *dicta* (the reinstatement of which Petitioners now urge), and concluded its Opinion with a return to the plain language of the statute (525 U.S. at 67):

> We conclude, therefore, that the on-sale bar applies when two conditions are satisfied before the critical date.

> First, the product must be the subject of a commercial offer for sale. . . .
>
> Second, the invention must be ready for patenting. . . .

Contrary to Petitioners' assertion (Pet. 15), the above § 102(b) requirement of a commercial offer for sale is not dictum. In *Pfaff*, this Court once and for all defined a definite standard for "on-sale" in full, in accord with the plain meaning of § 102(b), and applied that standard in reaching its holding. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 67 (1996) (holding that "[a]s a general rule, the principle of *stare decisis* directs us to adhere not only to the holdings of our prior cases, but also to their *explications of the governing rules of law*") (emphasis added).

Petitioners assert that when this Court used the phrase "commercial offer for sale" to define the test for the on-sale bar, this Court really meant "commercial marketing." Pet. 15-16. Based on this interpretation, Petitioners argue that the *Pfaff* decision compels a conclusion that the on-sale bar is triggered generally by marketing activities directed at selling a product for commercial purposes, regardless of whether those activities could reasonably be understood to constitute an actual offer for sale in the commercial community. Petitioners thus in effect argue that this Court, despite its expressed intent otherwise, promulgated a vague, undefined standard, rather than a "definite standard" that "finds . . . support in the text of the statute." 525 U.S. at 65-66. Neither the holding in *Pfaff* nor its underlying reasoning support this

vague, nonstatutory "commercial marketing" standard.

This Court's stated rule explicitly requires an offer for sale that would be recognized as such under contract law: "[f]irst, the product must be the subject of a ***commercial offer for sale***." 525 U.S. at 67 (emphasis added). The subsequent language relied on by Petitioners, "[a]n inventor can both understand and control the timing of the first commercial marketing of his invention," does not take back the requirement for a "commercial offer for sale," but rather refers to the ***additional*** requirement that, to constitute an invalidating bar, a sale or offer for sale must be primarily for commercial rather than experimental purposes.[7]

Confirming that this Court intended *Pfaff* to require a specific, commercial offer for sale to trigger the bar, rather than allowing the bar to be triggered by any type of commercial marketing activity, this Court did ***not*** rely on Pfaff's presentation of the sketches to Texas Instruments, Pfaff's initiation of the manufacturing process, or even Texas Instruments' ***offer to buy*** the sockets as facts sufficient to raise the bar. Instead, this Court found

---

[7] Although the so-called experimental use doctrine is nonstatutory, this Court in *Pfaff* specifically ratified that this qualification on the plain language of the statute was appropriate, because it was well established and had not led to uncertainty or unpredictability in its application. 525 U.S. at 67.

that Pfaff placed the sockets on sale by accepting the purchase order. 525 U.S. at 58, 67.[8]

Recognizing this Court's insistence that the § 102(b) standard provide certainty to the inventor, Petitioners assert that the analysis of what constitutes an "offer" under commercial law is uncertain. Pet. 23. Not so. As the Federal Circuit noted in *Group One* (254 F.3d at 1047):

> Courts are quite accustomed to and comfortable with determining whether a particular communication ... amounts to an offer in the contract sense, and that type of determination is well established in law.

In contrast, neither the present Petition nor any of the *dicta* in the cases Petitioners cite in support of their "commercial marketing" standard provides any explanation of what level of marketing activity should trigger the on-sale bar. To the contrary, as stated in *Group One,* that purported standard "open[s] up a vast sea of uncertainty." *Id.* Under Petitioners' standard, almost any internal or external communication that relates to introduction of a future product to the market, any preparation for such an introduction, and any information that

---

[8] Two past decisions of this Court further establish that a definite offer to sell is required to raise the on-sale bar: *Consolidated Fruit-Jar Co. v. Wright,* 94 U.S. 92, 94 (1876) (holding that an inventor will trigger the on sale bar "if he constructs [the invention] and *vends it to others* to use" (emphasis added)); *Pennock v. Dialogue,* 27 U.S. 1, 23 (1829) (holding that an inventor will trigger the on-sale bar "if he suffer the thing invented to go into public use, or to be *publicly sold for use*" (emphasis added)).

passes to the public about a future product, none of which amounts to any type of offer to sell the product, would arguably constitute commercial marketing triggering the on-sale bar. Such an open-ended standard would vitiate the interest in certainty that this Court emphasized in *Pfaff*.

The difference between these two standards is critical. A contractual analysis requires mapping the facts of a particular case against the legal standard for what constitutes an offer, which is uniform and clearly defined. *Group One*, 254 F.3d at 1047. As this Court pointed out, courts have little trouble conducting factual analysis under such doctrines as experimental use under § 102(b). 525 U.S. at 67 ("The experimental use doctrine . . . has not generated concerns about indefiniteness"). In contrast, the "totality of the circumstances" test required a vague weighing of facts against the policies of the on-sale bar, not against a legal standard, with no guidance as to what level of conduct raises the bar.

In sum, this Court has never held or suggested that commercial marketing activities alone may trigger the on-sale bar. Rather, explicit requirement under § 102(b) of a "commercial offer for sale" directly supports the definite requirement set down by the Federal Circuit in *Group One*, and applied in this case, for a commercial offer for sale determined under general contract law principles.

IV. THE *GROUP ONE* TEST IS CONSISTENT WITH THE POLICY CONSIDERATIONS BEHIND THE ON-SALE BAR

Petitioners' attempts to invoke policy considerations to impose its commercial marketing test should be rejected. The oft-repeated policies said to underlie § 102(b) are "excluding ideas that are in the public domain from patent protection and confining the duration of the monopoly to the statutory term." *Pfaff*, 525 U.S. at 64. The first policy protects the "public's right to retain knowledge already in the public domain." *Id.* at 65. The second policy prevents the patentee from using his patent to "gain a competitive advantage over others... [by] extend[ing] the period of his monopoly." This second policy applies even when there has been no public disclosure of the invention. *Metallizing Eng'g Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 520 (2d Cir. 1946) (L. Hand, J.), *cert. denied*, 328 U.S. 840 (1946) (holding that an inventor who sells his invention commercially "forfeits his right regardless of how little the public may have learned about the invention").

Of course, notwithstanding the expressed policies of § 102(b), the plain language of the statute is controlling. *Pfaff*, 525 U.S. at 63, 66. These policies are subject, for example, to the one-year "grace period" that the inventor is allowed to file the application, even after the sale or offer takes place. Thus, what appears for all intents and purposes to have been in the public domain for one year can nevertheless be patented, because the plain language of the statute so provides. On the other side of the coin, a single, definite offer to sell the

patented invention, even if not accepted, is enough to trigger the bar, if it falls outside the one-year grace period, even though it provides no competitive advantage or gain to the inventor whatsoever. This strict rule, in observance of the literal language of the statute, serves the overriding interest in providing inventors with a definite standard for determining when a patent application must be filed.

Therefore, regardless of any other policies that inform the statute, the interest of a definite standard dictates that activities that do not constitute a sale or offer for sale cannot trigger the bar, no matter that such activities might advantage the inventor or suggest to the public that the idea is in the public domain.[9] (Just as even one sale or offer outside the grace period can invalidate the patent, no matter how commercially insignificant or hidden from the public). Petitioners' policy arguments cannot justify ignoring the plain meaning of "on-sale" by "engrafting" (*see* 525 U.S. at 66) a vague test onto the on-sale determination.

For example, Petitioners argue that, unless their commercial marketing test is made the law, a patentee could hold back on applying for a patent while engaging in various pre-offer activities, such as "promoting" the invention, "touting the invention's advantages," and "bringing potential customers to the point where at least one of them is ready to negotiate a purchase." Pet. 19. However, as

---

[9] Of course, other statutory provisions may trigger a bar if the invention is, for example, publicized or publicly used. 35 U.S.C. §§ 102(a), (b). No such issue is presented here, however.

has always been the case, and notwithstanding the policy interest in encouraging inventors to apply for patents, the overriding interest in a definite standard, and the plain language of § 102(b), have always allowed inventors to engage in such activities, as long as they do not sell or offer for sale the subject matter of their inventions.

Petitioners paint an absurd, unrealistic scenario of human behavior in their prediction that legions of inventors will hang back from actually selling or offering to sell their inventions, while at the same time aggressively marketing those inventions in other ways, in order to toll the one-year grace period under § 102(b). This sets causation on its head. The point of the one-year period of § 102(b) is to allow the inventor time to apply for a patent after he or she decides to sell it or offer it for sale. Inventors do not decide when they will file an application, and then measure one year ***back*** from that date to decide when to sell or offer the invention. Rather, when and if they sell or offer their invention, they then measure ***forward*** one year to set in their calendar their patent application filing deadline.

Additionally, the plain reality is that if an inventor waits several years to file a patent application, there would be several years of prior art that could bar the patentability of the invention. Thus, there is hardly incentive for an inventor to wait and manipulate the system as Petitioners suggest.

The Solicitor General,[10] at this Court's request, weighed in on the validity of the *Group One* standard in the *Linear Tech.* case. The Solicitor General addressed Micrel's public policy arguments, which were essentially the same as the ones now made by the Petitioners, and described many reasons why an inventor would not delay in filing a patent application. SG's Brief at 17. The Solicitor General concluded that "the many and varied pressures to file patent applications as soon as possible make it very unlikely that an inventor would consciously delay filing a patent application for the sole purpose of postponing the critical date under the on-sale bar." *Id.* The Solicitor General summarized by stating "[t]hus, petitioner's concern that the Federal Circuit's current approach to the on-sale bar might improperly extend the duration of patents appears overstated and does not provide a basis for this Court's review." *Id.* at 18.

V. THE *GROUP ONE* TEST IS ALREADY PROVIDING CERTAINTY TO THE PATENT LAW

Petitioners' doomsday predictions are not new. They were made by the Petitioners in both the *Group One* and *Linear Tech.* cases. There seems to be little controversy about the holding of *Group One* that an offer for sale under contract law principles is necessary for the claimed invention to be "on-sale" under § 102(b). As noted by the Federal Circuit in *Group One*, it has long been recognized that, in

---

[10] *See* Brief for the United States as *Amicus Curiae*, in *Micrel, Inc. v. Linear Tech. Corp.*, Case No. 02-39 (U.S. Supreme Court, April 2003) ("SG's Brief").

order to trigger the § 102(b) on-sale bar, there must be clear and convincing evidence that there was a definite sale or offer to sell more than one year before the application for the subject patent. 254 F.3d at 1045-46. In *RCA Corp.*, the Federal Circuit did suggest in *dicta* that something less than a formal offer under contract law principles might suffice to trigger the on-sale bar. 887 F.2d at 1062. In *Group One*, however, the Federal Circuit, in holding that a "contractual" offer for sale was required, simply reaffirmed the requirement that a definite offer or offer to sell was required and rejected the *dicta* in the *RCA* case that something less than an offer for sale under contract law principles might suffice. As noted above, this Court denied certiorari in the *Group One* case, as well as the *Linear Tech.* case.

Since *Group One* was decided, separate panels of the Federal Circuit have followed *Group One* in *Linear Tech.*, *Minnesota Mining & Mfg. Co.*, *Plumtree Software, Inc. v. Datamize, LLC*, 473 F.3d 1152 (Fed. Cir. 2006), and twice in the present case. In addition, requests for rehearing *en banc* to consider the *Group One* standard were denied by the Federal Circuit in *Group One*, *Linear Tech.*, and *Minnesota Mining & Mfg. Co.* Petitioners cannot and do not argue that the Federal Circuit is split as to what constitutes an "offer" under § 102(b) after the *Group One* decision.

The Solicitor General addressed the application of *Group One* by the Federal Circuit in the *Linear Tech.* case, stating:

> That fact-based decision is not in conflict with any decision of this Court, with any other Federal Circuit decision, or with any decision of any other court of appeals. The decision below clarifies the test for determining when an invention is "on sale" in light of this Court's decision in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1999). It does not mark any significant departure from prior Federal Circuit precedent, but rather is part of the Federal Circuit's ongoing effort to clarify the law relevant to Section 102(b)'s on-sale bar. Further review by this Court is not warranted.

SG's Brief at 5. The Solicitor General's Brief also points out that the Manual of Patent Examining Procedure ("MPEP"), which the United States Patent and Trademark Office has prepared as a guide to patent law and practice, duly reflects that a "definite offer" is required to trigger the on-sale bar. *Id.* at 10, *citing* § 2133.03(b) of the MPEP. Indeed, that section of the MPEP states:

> Only an offer which arises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under § 102(b).

MPEP § 2133.03(b) (citing *Group One*, 254 F.3d at 1048).

To provide reasonable certainty to inventors as to when a patent application must be filed, it makes sense to follow well-established principles of contract

law in determining whether an offer for sale has been made. The definiteness provided by requiring a commercial offer to be one that the other party could make into a binding contract by simple acceptance (assuming consideration) serves the interests of predictability and certainty in the Patent Laws, as required by *Pfaff*, for the same reasons as they do in contract law.

CONCLUSION

Hayes' and McKechnie's Petition for a Writ of Certiorari should be denied. The Federal Circuit in this case correctly applied the plain language meaning of "on-sale" in § 102(b), requiring an invention to be sold or actually offered for sale as a matter of general contract law. The Federal Circuit's decision in this case is a correct application of its own law, as exemplified in *Group One*, as well as of the law of this Court, as set down in *Pfaff*.

No one denies that *Group One* involved an important question of patent law. However, this Court does not revisit and sign off on every decision that is important. Where, as in *Group One*, the Federal Circuit has fulfilled its function, and has applied and clarified its precedent, and appropriately rejected its non-binding *dictum*, there can be no more fitting imprimatur of the decision than the denial of the present Petition, as was done with the denial of the petition in *Group One*.

Respectfully submitted,

STEVEN L. UNDERWOOD*
MATTHEW J. GIPSON
PRICE, HENEVELD, COOPER,
DEWITT & LITTON, LLP
695 KENMOOR SE
P.O. BOX 2567
GRAND RAPIDS, MI 49501-2567
616.949.9610

**Counsel of Record*

Counsel for Respondent

April 22, 2009

REPLY BRIEF

127 (3)

Supreme Court, U.S.
FILED
MAY 4 - 2009
OFFICE OF THE CLERK

No. 08-1177

In The
Supreme Court of the United States

HAYES LEMMERZ INTERNATIONAL, INC.,
MCKECHNIE VEHICLE COMPONENTS U.S.A., INC.,
D/B/A THOMPSON INTERNATIONAL,
Petitioners,

v.

LACKS INDUSTRIES, INC.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR THE PETITIONERS

J. Michael Huget
John C. Blattner
Butzel Long
350 S. Main, Suite 300
Ann Arbor, MI 48104
(734)995-3110

Attorneys for Petitioner McKechnie Vehicle Components U.S.A., Inc.

Stephen E. Glazek
Counsel of Record
Josh J. Moss
Barris Sott Denn & Driker, L.L.C.
211 W. Fort Street, #150
Detroit, MI 48226-3211
(313)965-9725

Mark Sobanski
MacMillan, Sobanski & Todd, L.L.C.
720 Water St., 5th Floor
Toledo, OH 43604
(419)255-5900

Attorneys for Petitioner Hayes Lemmerz International, Inc.

May 4, 2009

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

TABLE OF CONTENTS

TABLE OF AUTHORITIES ii

SUMMARY OF REPLY 1

I. Reversal of *Group One* Will Result in Judgment for Petitioners: The Question Presented is *Not* Hypothetical 1

II. *Group One* is Contrary to the Policies Underlying the On-Sale Bar and Provides Neither Certainty Nor Clarity 4

CONCLUSION 6

TABLE OF AUTHORITIES

Cases

Group One, Ltd. v. Hallmark, Inc.,
254 F.3d 1041 (Fed. Cir. 2001) . . . 1, 2, 3, 4, 5, 6

Linear Tech. Corp. v. Micrel, Inc.,
275 F.3d 1040 (Fed. Cir. 2002) 4, 5

Pfaff v. Wells Elec., Inc.,
525 U.S. 55 (1998) 5

RCA Corp. v. Data General Corp.,
887 F.2d 1056 (Fed. Cir. 1989) 1, 2

Statutes

35 U.S.C. § 102(b) 4

Other Authorities

CORBIN ON CONTRACTS, §1.12, Revised Edition
West Pub. 1993 5

SUMMARY OF REPLY

Respondent Lacks Industries, Inc. ("Lacks") falsely claims that Petitioners have presented a merely hypothetical issue to this Court that will not change the result of the case. In fact, reversal of the misguided standard announced by the United States Court of Appeals for the Federal Circuit in *Group One, Ltd. v. Hallmark, Inc.*, 254 F.3d 1041 (Fed. Cir. 2001), will lead directly to judgment for Petitioners based upon the existing record. Moreover, Lacks' arguments that *Group One* is consistent with the policies underlying the on-sale bar and that it provides certainty to on-sale bar jurisprudence are not credible.

I. Reversal of *Group One* Will Result in Judgment for Petitioners: The Question Presented is *Not* Hypothetical

Lacks contends that Petitioners are presenting the Court with a hypothetical question. This is simply false. If this Court overrules *Group One* and reinstates the commercial marketing standard articulated in *RCA Corp. v. Data General Corp.*, 887 F.2d 1056, 1062 (Fed. Cir. 1989), Petitioners will be entitled to judgment in their favor on the current record. The facts found after trial by the Special Master in his 2001 Amended Findings of Fact and Conclusions of Law, which Lacks never challenged, establish conclusively that for two years prior to the critical date Lacks commercially marketed the invention of Remaining Claims in a systematic and exhaustive sales campaign. (App. 259a-69a.) Application of the correct legal standard – whether the invention has been marketed commercially – to these facts will necessarily result in judgment for Petitioners and

against Lacks. Thus, the question presented is not at all hypothetical.

Lacks' argument reflects procedural amnesia. In its November 21, 2008 opinion, the Federal Circuit reversed the district court's grant of summary disposition, holding that were genuine issues of material fact as to: (1) whether any of the five offers that the district court held invalidated the Remaining Claims were binding offers for sale that satisfy the *Group One* standard; (2) whether any of those offers were communicated to offerees before the critical date; and (3) whether the offers encompassed every claim limitation of the Remaining Claims. (App. 269a.) Lacks argues, therefore, that even if the Court were to overrule *Group One*, Petitioners would still be unable to establish the required nexus because "none of the documents are related to the method of the Remaining Claims." (Lacks' Opp. p. 22.)

Lacks' argument is based upon the illogical premise that should this Court overturn *Group One*, Petitioners would still need to establish that every claim limitation of the Remaining Claims was encompassed in one of the five offers discussed by the Federal Circuit. In fact, the five offers themselves would simply drop out of the case. The only reason Petitioners were required to identify specific contractual offers was because of the new *Group One* standard. Absent that new standard, Petitioners' on-sale defense would have rested upon the extensive pre-critical date marketing and commercialization campaign, which the District Court found satisfied the *RCA* requirements, and also pertained directly to the invention of the Remaining Claims.

After a five-day bench trial, the Special Master found that: (1) Lacks undertook an extensive campaign to exploit the invention of the Remaining Claims competitively and commercially; that the assembly method Lacks was offering to perform corresponded precisely to invention of the Remaining Claims; and that the cladded wheels Lacks was offering to sell in connection with wheel-manufacturing partners were to be made by the claimed method. (App. 259a – 60a, 269a.) Lacks never challenged these findings, and they remain law of the case.[1] Adjudication of these findings under the correct legal standard inescapably leads to a judgment of invalidity.[2]

Even if one assumes that the five offers would still be relevant in the absence of *Group One*, Lacks' argument ignores the procedural posture of the case. Contrary to Lacks' implication, the Federal Circuit did *not* hold that there was no evidence of nexus. Rather, the Federal Circuit held that there were genuine issues of material fact regarding the nexus between the five offers and the invention of the Remaining Claims. Consequently, if this Court reinstates the

---

[1] Lacks' description of the different attachment methods it was purportedly working on during the pre-critical date period is irrelevant. The Special Master found that the method Lacks was marketing was the method of the Remaining Claims.

[2] Lacks makes much of the fact that the five offers for sale that were litigated post-remand under the new *Group One* standard were, according to the Federal Circuit, not subject to the law of the case because they were not litigated in the first trial. This, however, does nothing to undermine the Special Master's unchallenged findings of fact regarding what Lacks was marketing which was based on the mountain of evidence presented during the 2000 trial.

commercial marketing standard, and the case is sent back to the district court for determination of the on-sale issue with respect to only the five offers, then the genuine issues of fact regarding nexus will be resolved at trial under the correct legal standard.

II. *Group One* is Contrary to the Policies Underlying the On-Sale Bar and Provides Neither Certainty Nor Clarity

Lacks' arguments in support of the *Group One* standard are meritless for several reasons. It is difficult to imagine how one could look at the facts of this case, of *Linear* or of *Group One* cases and argue that the *Group One* standard supports the on-sale bar's primary policy goal of preventing inventors from extending their statutory monopoly period. In both *Group One* and *Linear*, application of the *Group One* standard allowed the patentees to commercially exploit their inventions for more than the one-year statutory period because there had been no binding contractual offer for sale. *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1050 (Fed. Cir. 2002); *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1046 (Fed. Cir. 2001). Similarly, in this case, notwithstanding that the unchallenged findings that Lacks was actively commercializing its later-patented invention for two years before the critical date, the peculiarities of sales practices in the automotive industry combined with the evidentiary burden imposed by *Group One*, will result in a second trial after 13 years of litigation.

Thus, the only "certainty" created by *Group One* is the certainty that inventors can now freely extend the one-year grace under §102(b) and exploit their inventions commercially so long as they avoid using

the magic words: "I offer to sell you this widget." This eviscerates the purpose of the on-sale bar.

Finally, the purported clarity resulting from the legal standard articulated by the Federal Circuit in *Group One* is illusory. Lacks and the Federal Circuit fail to consider whether the rule articulated in *Group One* provides a practical guide to inventors and courts to determine when a patent application must be filed. The phrase a "binding commercial offer for sale" sounds simple and it identifies—(at least to lawyers)—a definitive legal concept. But, the inquiry necessary to determine whether there has been such an offer is a legal morass highly dependent on the individual facts of each case. *See, e.g.,* CORBIN ON CONTRACTS, §1.12, p. 33 Revised Edition West Pub. 1993.[3] Once again, the facts of this case demonstrate how difficult it is to determine whether a binding offer for sale has been made and whether the invention at issue was covered by the offer. It is folly to expect inventors to be able to navigate these byways of contract law.

The Federal Circuit's own recognition that *Group One* was a significant change in on-sale bar standard, *Linear*, 275 F3d. at 1048, and its admission that the change was based upon *dicta* in *Pfaff v. Wells Elec., Inc.*, 525 U.S. 55 (1998), underscores the need for this

---

[3] The Federal Circuit's statement in *Group One* that courts are quite accustomed to determining whether a communication amounts to a binding offer reveals only the Federal Circuit's failure to appreciate the Pandora's box of contract law it was opening.

Court to correct the Federal Circuit's unjustified extrapolation.[4]

CONCLUSION

For the reasons stated above, and for the reasons stated in the Petition for a Writ of *Certiorari*, the Petition should be granted.

---

[4] The District Court's explicit adoption of the Special Master's Additional Considerations articulating the reasons that *Group One* is wrongly decided further highlights the need for review by this Court. (App. 15a, 113a-20a.)

Respectfully submitted,

Barris, Sott, Denn & Driker, P.L.L.C.
By: Stephen E. Glazek, Esq. (P23186)
Counsel of Record
Josh J. Moss, Esq. (P64406)
211 West Fort Street, 15th Floor
Detroit, Michigan 48226
(313) 965-9725
Attorneys for Petitioner Hayes Lemmerz International, Inc.

MacMILLAN, SOBANSKI & TODD, L.L.C.
By: Mark Sobanski
720 Water St., 5th Floor
Toledo, OH 43604
(419) 255-5900
Co-Counsel for Petitioner Hayes Lemmerz International, Inc.

BUTZEL LONG
By: J. Michael Huget (P39150)
John C. Blattner (P52745)
350 S. Main, Ste. 300
Ann Arbor, MI 48104
(734) 995-3110
Attorneys for Petitioner McKechnie Vehicle Components USA, Inc.